SYNOPSIS on

Dynamics of Economic Growth, Poverty and Unemployment: A Comparative Analysis of India and China

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INTRODUCTION

1.1 Background of the Study

Two of the world's most rapidly expanding big economies—China and India—have reshaped the international economic landscape in the last several decades. With a combined population of almost 2.7 billion, these economies have global and domestic stakes in their economic prospects. Since the latter half of the 20th century, both nations have implemented economic reforms that have resulted in the opening of their respective markets, the encouragement of investment, and the promotion of increased productivity. China's rapid industrialisation and export-led growth have resulted in exceptional rates of GDP growth and poverty reduction. The market-oriented economy reforms implemented since the late 1970s have directly led to these results (Bosworth & Collins, 2008). India has a legacy of robust growth, primarily focused on services, with significant contributions from industry and agriculture (Rodrik & Subramanian, 2002). After opening up a variety of liberalisation measures in the early 1990s, India has experienced a remarkable growth legacy (Panagariya, 2004).

The comparative paths of economic development in India and China tell a compelling story of two of the world's most populous nations navigating diverse policy paths, simultaneously striving for growth, poverty reduction, and job creation. China has become a worldwide manufacturing centre with steady, rapid expansion over the past few years; India has created an exclusive market by using a service-led growth approach (Basu, 2009). Examining the interconnected dynamics of economic growth, income inequality, employment patterns, and consequences of poverty in both countries helps the present study, "Dynamics of Economic Growth, Poverty and Unemployment: A Comparative Analysis of India and China", try to sort out the multifaceted nature of these trajectories (Rahman & Roy, 2023). Emphasising the instability underlying China's fast expansion, Bardhan (2010) rightly calls China and India "awakening giants" with "feet of clay". Basu (2009) describes the nations' growth as "idiosyncratic", with India depending mostly on services and China mostly depending on manufacturing. how differently labour, capital accumulation, and productivity contribute to economic growth in the two countries (Bosworth & Collins, 2008). While Swamy (1973) offers a historical review of early development initiatives, Zhou (2014) and Weisskopf (1974) both offer macroeconomic overviews. These works collectively establish a critical comparative framework for the analysis of unemployment, poverty, and economic growth.

The mechanisms and sources of economic development differ between India and China (Hevia, 2024). The success of China is primarily driven by productivity, as demonstrated by Bosworth and Collins (2008), who deconstruct development into its components of capital, labour, and total factor productivity. In contrast, India's success is more dependent on the expansion of the service sector and labour (Rodrik & Subramanian, 2002). Examining China's growth sustainability, Zhu (2012) and Cai and Lu (2013, 2016) draw attention to the declining demographic dividend and over-reliance on investment-led development. A critical analysis of India's economic liberalisation and its role in driving GDP growth during the 1980s and 1990s may be found in Panagariya (2004) and Rodrik and Subramanian (2002). China's move towards a consumption- and innovation-led growth paradigm is described in Lardy (2014) and Huang (2007) (Lardy, 2006). While Chandra (2004) and Aggarwal (2007) investigate the relationship between government size, manufacturing, and output growth, Bhaskar and Gupta (2007) caution India against

celebrating growth without addressing structural challenges. According to Chandrasekhar and Ghosh (2007), there is an "unfortunate convergence" in the employment trends of the two countries, which is represented by an increase in the unemployment rate. Riskin et al. (1999) and Watson (1997) focus on China's rural employment problems during the reform era. Veljanoska (2021) and Karikari-Apau and Abeti (2019) conduct additional investigations into the trends in unemployment in China and India, establishing connections between them and macroeconomic variables and foreign direct investment. Bhaduri (2005) and Aggarwal (2007) investigate in India the labour consequences of industrial expansion and economic changes, therefore highlighting little employment flexibility. Employment and human development show notable interstate differences in India, according to Gopalakrishna and Rao (2012). Generally, both countries have found it difficult to translate their fast economic development into consistent employment increases—a difficulty that this research examines carefully.

Poverty reduction and income disparity are important concerns in this comparative literature. (Ravallion & Chen, 2005; Angang et al., 2003) emphasise the substantial reduction in poverty that China has experienced since 1978, although regional disparities have increased. Yao (1999) likewise addresses income disparity resulting from the rural-urban divide under reform initiatives. Datt and Ravallion (2002) discover in India that, although growth has had a mixed effect on poverty, it usually leaves the rural poor behind. The intense debates over poverty assessment in India (Sen and Himanshu, 2004; Bhalla, 2003; Deaton and Kozel, 2005) demonstrate the challenge of monitoring welfare outcomes. Himanshu (2010) advocates for a reevaluation of poverty lines to more accurately reflect individuals' lived experiences, while Nagaraj (2008) and Dev (2005) contend that globalisation and market reforms caused further differences. Ravallion (2008) advocates a worldwide perspective, therefore placing India's development in poverty within wider global contexts. Using a more qualitative perspective, Pei (2018) and Kumar (2012) connect poverty trends to the structures of society and government. Using econometric techniques, Alam et al. (2021) find public expenditure, inflation, and education as poverty factors in India. These contributions guide the analysis of poverty patterns and policy intervention effectiveness. Levine and Renelt (1992) emphasise the importance of robust econometric modelling to comprehend cross-country growth variations, while Gwartney,

Lawson, and Hall (2010) stress the role of economic freedom in fostering growth. With macroeconomic estimates up to 2025, Wolf et al. (2011) find that, although China is ahead in many respects, India offers potential in demographic and democratic benefits. Early comparison benchmarks were established by Weisskopf (1974) and Swamy (1973), who pointed out the significantly different institutional foundations of China and India, respectively. China's approach is centralised and headed by the state, while India's model is democratic and federal. Patel's (1957) work offers some of the earliest analyses of the relationship between income and investment.

This fundamental research still has importance in comprehending the many policy orientations influencing long-term results. The comparative research on China and India yields three fundamental findings (Garrett, 2025). Driven by export-led manufacturing and infrastructure expenditures, China's growth has been more rapid and consistent; India's is more service-centric and regionally uneven. The second issue is that both countries have difficulties in creating new jobs, although the peculiarities of India's informal sector make it difficult to make accurate measurements. Third, although China has made a more rapid and significant reduction in poverty, inequality, particularly the gap between urban and rural areas, continues to be a significant problem in both countries.

Both countries nevertheless face significant structural issues even if they have made impressive economic progress. Although there has been progress, both countries continue to struggle with issues of poverty and unemployment. China has come a long way towards reducing poverty, especially in rural areas, yet issues with regional imbalances and income inequality persist. Although India has been reducing poverty remarkably, many people still live in danger, especially in rural and unofficial sectors. As a result, unemployment—particularly among the young and educated—has become an increasingly concerning issue in both India and China. Although China's official unemployment rate is relatively low, issues related to underemployment and job quality continue to persist. On the other hand, India has extremely high rates of unemployment and an extensive informal sector, both of which can lead to highly hazardous working conditions. Their distinct economic structures and strategies have resulted in differing outcomes with regard to the reduction of poverty and unemployment, although both countries have experienced tremendous development.

1.2 Economic Models and Policy Evolution

1.2.1 India: From Socialist Planning to Market Liberalization

Following the country's attainment of independence, India adopted a mixed economy, with a strong emphasis on import substitution and state-led planning. But after a major balance of payments crisis, India started many economic reforms under Finance Minister Manmohan Singh in 1991. Often referred to as the liberalisation, privatisation, and globalisation (LPG) paradigm, these changes aimed to minimise government control, boost the private sector, and include India in the world economy. Later initiatives, such as the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in 2005, promised rural households one hundred days of paid labour per year in an effort to alleviate the issue of rural unemployment. "Make in India" is a campaign that was initiated in 2014 with the objective of boosting manufacturing and generating employment opportunities to increase the contribution of the manufacturing sector to the GDP to 25% by the year 2022. However, manufacturing's contribution to GDP fell to 15.9% in 2023–2024, making these goals hard to reach.

1.2.2 China: State-Led Capitalism and Export-Oriented Growth

In 1978, China's economy began to undergo transformations under the leadership of Deng Xiaoping, transitioning from a centrally planned economy to a "socialist market economy" ("Chinese Economic Reform," n.d.). Modifications were implemented by the government to promote growth that was driven by exports, attract investment from overseas, and open up the economy. To facilitate this transition, special economic zones, often known as SEZs, were established. China's persistent governmental control over vital industries while allowing market forces to function has resulted in rapid urbanisation and industrialisation in the country. China's initiatives to alleviate poverty have been successful, as evidenced by the fact that over 800 million people were lifted out of extreme poverty between the years 1978 and 2018.

1.2.3 Poverty and Unemployment: Comparative Analysis

Despite the decline in India's poverty rate over time, there remain unresolved issues. Because of the unequal distribution of the benefits that come with economic progress, there

is a significant income gap between different groups of people. The lowest 50% of the country have just 13.1% of its wealth; the wealthiest 10% hold 77%. However, unemployment continues to be a significant issue, particularly for younger generations. Even if there are initiatives such as "MGNREGA" and "Make in India", the expansion of the labour force has resulted in a faster pace of job creation. The unorganised sector continues to dominate, despite many workers' lack of benefits and job stability. With China's robust economic policies, the extreme poverty rate dropped from 88.1% in 1981 to 0.2% in 2019, therefore illustrating the notable drop in poverty attained by the country. Despite economic growth, the country still faces high unemployment rates, particularly among young people. A reflection of the difficulties that young people encounter when seeking employment is the youth unemployment rate, which was 14.9% in December 2023. The challenges of the economy, which include industrial overcapacity and a declining real estate sector, could potentially influence employment stability. In the future, one of India's primary issues will be the development of new jobs; the economy must provide sufficient working opportunities to meet a steadily increasing percentage of the labour force. Maintaining social peace depends on addressing the widening gulf separating the rich from the poor. Initiatives like "Make in India" require the revival of the manufacturing sector to meet their goals. One of the most significant challenges that China will face in the future is youth unemployment, which poses a risk to the country's economic stability over the long run due to the high rates among young people. To achieve sustainable development, we must shift the economy from an investment-driven approach to one focused on consumption and services. Reform of Structuralism: We must resolve issues such as industrial overcapacity and flaws in the real estate sector. Therefore, analysis of the dynamic pattern of India and China's economic growth with regard to unemployment and poverty helps one to grasp the changes brought about by the expansion. It also provides an opportunity to understand a difficult scenario with important concerns expressed by various development economists over whether the growth path strategy has helped those in wealth or those who are poor. This debate is crucial, as it raises questions about the inclusivity of economic policies and whether they truly benefit the broader population. By examining the disparities in wealth distribution, we can better evaluate the effectiveness of growth strategies in addressing the needs of the most vulnerable segments of society. society.

Therefore, it is crucial to scrutinise the implementation mechanisms of growth strategies and evaluate their influence on income inequality. By doing so, we can identify whether these policies are merely enriching the affluent or if they are genuinely fostering opportunities for economic advancement among the disadvantaged.

1.3. Statement of the Problem

Although they began similarly in the late 20th century, the two competing economic models—China's state-led capitalism and India's liberalised market economy—have yielded somewhat different results. China has experienced rapid industrialisation and urbanisation as a result of export-led policies and special economic zones, while India's economy has been primarily driven by services with slower development in labour-intensive manufacturing. These contrasts raise significant questions. What is the reason for China's ability to reduce poverty more rapidly and attain more inclusive growth? What are the structural factors that underlie India's persistent unemployment and high growth rates? What are the consequences of economic models and policy interventions on the capacity of each nation to transform growth into equitable outcomes?

This study seeks to analyse the economic dynamics of growth, poverty, and unemployment in India and China by comparing their policy initiatives, historical origins, and socioeconomic findings. The challenge lies in comprehending the differences between growth and employment, the efficacy of poverty reduction strategies, and the challenges that each model faces in the modern international economic climate.

1.4. Objectives of the Study

1. To examine the trends and patterns of economic growth, poverty and unemployment in India and China.

2. To analyse the interrelationship between economic growth and poverty in India and China

3. To investigate the impact of economic growth on unemployment.

4. To assess the dynamic and causal relationship among economic growth, poverty and unemployment.

1.5. Hypotheses of the study

H_{01}: Economic growth has no significant effect on poverty in India.

H_{11}: Economic growth has a significant effect on poverty in India.

H_{02}: Economic growth has no significant effect on poverty in China.

H_{12}: Economic growth has a significant effect on poverty in China.

H_{03}: Economic growth reduces unemployment equally in India and China.

H_{13}: Economic growth reduces unemployment more effectively in China than in India.

H_{04}: There is bidirectional causal relationship between poverty and unemployment in India.

H_{14}: There is a no bidirectional causal relationship between poverty and unemployment in India.

H_{05}: There is bidirectional causal relationship between poverty and unemployment in China.

H_{15}: There is a no bidirectional causal relationship between poverty and unemployment in China.

1.6. Limitations of the study

Geographically, the study is restricted to India and China. The primary focus of the research was on the economic growth, unemployment, and poverty time series macroeconomic indices. However, the annual time series data from 1991 to 2021 were incorporated into the analysis. A lack of data, such as unemployment and poverty, was one of the limitations of the study. Additionally, the study did not separate the data according to demographics, geography, rural or urban, and other factors. Particularly in pre-1990s times, it was difficult to obtain national unemployment and poverty data. Prior to the 1990s,

neither India's databases nor those of international organisations included aggregated or specified variants of the headcount index or poverty gap statistics. The researcher relied solely on the unemployment rate, the economic growth rate as indicated by real gross domestic product, and the poverty rate in regard to poverty.

1.7. Significance of the study

Studies on India and China show that their different development paths produce different results in terms of economic growth, a reduction of poverty, and the creation of employment possibilities. In light of this, it is imperative that policymakers, economists, and development planners possess a comprehensive comprehension of these distinctions. The objective of this study is to determine the extent to which economic growth has resulted in the eradication of poverty and the generation of employment options thus emphasising inclusive growth. During this phase of post-pandemic recovery and growing geopolitical uncertainty, our study adds to the scholarly literature and offers valuable decision-making support for sustainable and inclusive growth. By means of a critical analysis of labour market patterns and macroeconomic statistics, the present study aims to perform a comparative study of the dynamics of economic growth, poverty, and unemployment in India and China. This paper tries to explain the causal relationship between growth and social consequences in these two rising giants by combining ideas from structural transformation, institutional economics, and growth accounting.

1.8. Organization of the thesis

The study was organised into six chapters. The first chapter presents the introduction of the study, the second chapter presents a review of literature, and the third chapter outlines the methodology of the study, the chapter four presents the comparative economic development of India and China: labour dynamics, poverty trends & growth trajectories, the fifth chapter includes results, analysis, and interpretation. The last chapter includes conclusions, major findings, and recommendations of the study.

MAJOR FINDINGS AND POLICY SUGGESTIONS

Introduction

This chapter presents the major findings and suggestions emerging from the comparative analysis of economic growth, poverty, and unemployment in India and China. The study has examined the distinct trajectories adopted by these two economies—India's liberalised, service-led market approach and China's state-directed, export-led industrial strategy. Drawing from empirical analysis and theoretical frameworks, the study aimed to investigate the interlinkages among growth, poverty, and unemployment while testing specific hypotheses related to their dynamic and causal relationships.

Despite starting with similar economic conditions in the late 20th century, India and China have witnessed markedly different development outcomes. China has achieved rapid poverty alleviation and employment generation through structural transformation, industrial expansion, and policy-driven interventions (Ravallion & Datt, 2002; World Bank, 2020). India, on the other hand, has experienced impressive growth in GDP, particularly in the service sector, but continues to grapple with persistent unemployment and slower poverty reduction (ILO, 2021; Gujarati & Porter, 2009).

This chapter synthesises the key empirical findings in relation to the stated objectives and hypotheses of the study. It also provides context-specific policy suggestions to bridge the gap between economic growth and inclusive development. The goal is to inform stakeholders, particularly policymakers and development planners, on actionable strategies that align economic expansion with equitable social outcomes. The subsequent sections detail the observed trends, causality patterns, and comparative insights, followed by a set of recommendations to enhance inclusive and sustainable development in both countries.

This study employs an explanatory research design to investigate the dynamic relationship between economic growth, poverty, and unemployment in India and China from 1991 to 2020 using the ARDL bounds testing approach (Pesaran, Shin, & Smith, 2001; Nkoro & Uko, 2016). Real GDP represents economic growth, poverty rate serves as a proxy for poverty, and the unemployment rate is included as a labor market indicator.

Secondary time-series data were sourced from the World Bank and ILO. The ARDL model was chosen due to its suitability for small samples and mixed integration orders (I (0) and I (1)), enabling estimation of both short- and long-run relationships (Gujarati & Porter, 2009). Stationarity was tested using the Augmented Dickey-Fuller test and Phillips Peron, and co-integration was assessed through the ARDL bounds test. Multiple equations were developed for each country to capture the interdependencies among the variables using EViews software.

Major Findings

- China consistently maintained a higher labour force participation rate (LFPR) than India, with only a modest decline from 78.9% to 69.3%, supported by industrial development and greater female participation.
- India's LFPR fell sharply from 60.2% to 45.1%, mainly due to weak formal job creation, rising educational enrolment, and low female participation influenced by social and structural factors.
- China's unemployment rate remained relatively low and stable, between 2.4% and 5.0%, due to effective state policies and strong manufacturing and service sector absorption.
- India's unemployment rate peaked at 8.7% in 2005 and remained volatile, highlighting the issue of jobless growth and underemployment, especially in the informal sector.
- During the COVID-19 pandemic, India's labour market was more adversely affected, with LFPR dropping to 42.4% in 2022 and unemployment rising to 7.9% in 2020, while China's impact was moderate due to better institutional support.
- China experienced a more efficient structural shift from agriculture to manufacturing and services, whereas India's transition was uneven and dominated by informal employment.
- China's labour market is more gender-inclusive, while India continues to face challenges in female workforce participation due to socio-cultural and economic constraints.

- China's proactive labour policies, including vocational training, SME support, and urban job schemes, played a key role in employment stability, in contrast to India's relatively weak policy implementation.
- India risks losing its demographic dividend due to declining LFPR and persistent unemployment, while China has managed to harness its demographic advantage more effectively.
- Both India and China had extremely high poverty rates in 1990—India at 97.0% and China at 98.3% (at the $5.50/day threshold).
- By 2021, China had reduced poverty drastically to 17.0%, while India still had a high poverty rate of 81.8%, indicating a significant divergence in outcomes.
- China's poverty reduction was rapid and deep, driven by state-led industrialization, export-oriented growth, and targeted rural poverty alleviation programs.
- Between 2011 and 2013 alone, China halved its poverty rate from 58.7% to 47.1% due to aggressive rural development and social protection schemes.
- China's hukou reforms and rural infrastructure investments allowed greater rural-to-urban mobility, boosting employment and incomes.
- India's poverty declined slowly despite liberalization and economic growth, largely because the benefits were concentrated in urban and formal sectors.
- India's rural population continued to rely on low-productivity agriculture with insufficient government support and weak social protection.
- Welfare programs in India were often inefficient due to poor targeting and leakages, especially in systems like the Public Distribution System (PDS).
- India's poverty rate increased temporarily during 2015–2016 and again in 2020 due to demonetization, GST implementation, and the COVID-19 pandemic.
- In contrast, China maintained stability in poverty levels during the pandemic through quick recovery measures and direct rural cash transfers.
- China achieved one of the world's most successful poverty reductions—poverty fell from 72% in 1990 to just 0.1% in 2016, lifting over 800 million people.
- China's success was supported by reforms like decollectivization, rural development, export-led growth, infrastructure expansion, and precise targeting.

- Precision poverty alleviation, launched in 2013, targeted each poor household individually, helping reduce poverty to near zero by 2020.
- India also reduced extreme poverty significantly— from 63.5% in 1977 to 12.9% in 2021 (at $2.15/day), but progress was uneven and vulnerable to shocks.
- From 2004 to 2011, India's poverty rate fell from 40.6% to 22.9% due to growth, MGNREGA, and social welfare programs.
- Between 2011 and 2018, poverty declined further to 11.1%, aided by schemes like Jan Dhan Yojana, NFSA, and digitized benefit transfers.
- However, poverty rose again to 15.5% in 2020 due to the COVID-19 crisis, reflecting the vulnerability of informal workers and migrant laborers.
- China's poverty rate fell below 3% by 2013 and reached 0.08% by 2016, highlighting the effectiveness of centralized planning and execution.
- India's poverty reduction was slower due to decentralized implementation, inefficiencies, and underfunded welfare schemes.
- As of 2021, over 180 million people in India were still living in extreme poverty, despite long-term economic growth and reform.
- China's poverty elimination was made possible by strong governance, coordinated rural development, and integration of growth with social policy.
- While India made meaningful progress, the lack of structural reforms in agriculture, education, and healthcare kept poverty levels relatively high.
- China's experience highlights the role of institutional capacity, consistent political will, and inclusive economic strategies in eradicating poverty.
- India's progress, though notable, remains vulnerable to economic disruptions, underscoring the need for resilient and inclusive development policies.
- Certainly! Here's the content rewritten in sentence case point format:
- From 1991 to 2021, China consistently outpaced India in real GDP growth, reflecting different economic development paths.
- In 1991, China's real GDP (in constant 2017 USD) was $3.3 trillion, more than twice India's $1.59 trillion.
- By 2021, China's GDP rose to $21.3 trillion, while India's reached $9.16 trillion—reflecting a 13-fold and 5.7-fold increase, respectively.

- China's rapid growth was driven by early economic reforms (post-1978), export-led industrialization, and major infrastructure investments.
- China joined the WTO in 2001, boosting its integration into global value chains and accelerating trade and output.
- India began its market liberalization in 1991, resulting in strong growth led primarily by the services and IT sectors.
- Despite this, India lagged behind in manufacturing competitiveness and export performance.
- During the 2000s, China averaged over 10% annual growth, while India grew at around 6–8%.
- China's state-led investment strategy and urbanization created large-scale employment and boosted domestic demand.
- India's growth was more consumption-driven and less inclusive, particularly in rural areas.
- The COVID-19 pandemic in 2020 caused a sharp contraction in India's GDP to $8.37 trillion, while China still posted positive growth, reaching $20.7 trillion.
- This highlights China's stronger institutional readiness and resilient manufacturing sector.
- By 2021, India's economy recovered, reaching $9.16 trillion, driven by reforms, IT, services, and some manufacturing revival.
- China surpassed several major global economies in output by 2021, maintaining its lead in real GDP.
- The 2008 global financial crisis had a limited effect on China's GDP, showing its economic resilience.
- India's progress, though significant, still reflects a slower structural transformation compared to China.
- Unit root tests revealed that for India, all three key variables—real GDP (RGDPI), poverty rate (PRI), and unemployment rate (URI)—were non-stationary at their levels but became stationary after first differencing, indicating that they are integrated of order one, I(1). For China, real GDP (RGDPC) was stationary at level, while both

poverty (PRC) and unemployment (URC) became stationary after first differencing, suggesting they are I(1).

- ARDL bounds test for cointegration in India showed weak to moderate evidence of a long-run relationship between poverty, economic growth, and unemployment. The F-statistic was 3.7339, which was between the critical bounds at the 5% level, indicating inconclusive evidence at that level, but slightly above the upper bound at 10%, suggesting the possibility of a long-run relationship.
- In India, the long-run coefficient of economic growth (RGDPI) was negative and statistically significant, with a coefficient of -2.70E-05, indicating that higher GDP leads to a reduction in poverty. The error correction term (ECT) of -0.2129 suggests that approximately 21.3% of the deviation from the long-run equilibrium is corrected each year.
- In China, the ARDL bounds test provided strong evidence of cointegration with a computed F-statistic of 5.7401, exceeding the upper bound critical value at the 5% level, confirming the existence of a long-run relationship between poverty, economic growth, and unemployment.
- The long-run coefficient of economic growth (RGDP) in China was negative, suggesting that economic growth reduces poverty, but the coefficient was only marginally significant at the 10% level. The error correction term (ECT) in China was highly significant, at -0.9838, indicating that deviations from the long-run equilibrium are corrected very quickly, with 98.4% of disequilibrium corrected within one period.
- Granger causality tests for India showed that unemployment Granger-causes poverty, indicating a unidirectional relationship from unemployment to poverty. In contrast, no causal relationship was found between poverty and unemployment in China, likely due to the effectiveness of China's poverty alleviation policies.
- Comparative analysis showed that while both India and China exhibit a long-run relationship between economic growth and poverty, the effect is stronger and statistically more significant in India. In China, economic growth contributes to poverty reduction but with weaker statistical significance, possibly due to targeted poverty alleviation programs operating independently of broad-based growth.

- In India, economic growth was found to have a strong long-run effect on reducing unemployment, with a significant negative coefficient of -2.65E-06. The error correction term for unemployment was -0.8662, suggesting that 86.6% of deviations from long-run equilibrium are corrected annually.
- In China, the long-run effect of economic growth on unemployment was found to be weaker, with a small negative coefficient of -1.19E-08, indicating that growth contributes to reducing unemployment, but the impact is not as pronounced as in India.
- Diagnostic tests for India confirmed the reliability and robustness of the econometric model, ensuring that assumptions of serial correlation, normality, homoskedasticity, model specification, and structural stability were met.

Major Suggestions

- Government should focus on strengthening the formal job creation sector, ensuring inclusive growth across both rural and urban areas, to raise the labour force participation rate (LFPR) and reduce reliance on informal employment.
- NGOs and Government should implement targeted policies to increase female participation in the workforce by addressing socio-cultural constraints and promoting gender equality in employment opportunities.
- Government must prioritize vocational training, skill development programs, and policies to bridge the gap between education and employment, enabling a more dynamic workforce, especially for younger generations.
- Government and NGOs should provide more efficient social protection programs, with a focus on improving the targeting of welfare schemes, reducing leakages in systems like the Public Distribution System (PDS), and supporting rural populations through better financial access.
- Government should enhance rural infrastructure and promote agrarian reforms, helping farmers transition to higher-productivity sectors, ensuring a more structured shift from agriculture to manufacturing and services.

- Government should work towards accelerating urbanization in a sustainable manner, ensuring the equitable distribution of benefits from industrial growth, thereby addressing the issue of rising urban unemployment.
- NGOs and Government should invest in expanding social safety nets, including unemployment benefits, direct cash transfers, and rural employment schemes, to complement poverty alleviation efforts.
- Government should adopt a more active industrial policy that emphasizes investment in manufacturing, small and medium-sized enterprises (SMEs), and infrastructure, along with export-led growth to increase domestic employment opportunities.
- Government and NGOs should promote gender-inclusive labour policies, ensuring that both women and men benefit equally from employment opportunities, particularly by incentivizing female entrepreneurship and leadership in industries.
- Government should implement policies to reduce income inequality, such as progressive taxation, better access to affordable healthcare, and expanded educational opportunities, enabling greater upward mobility for marginalized populations.
- Government should continue to improve institutional frameworks for monitoring and evaluating economic policies to ensure long-term poverty reduction and sustainable growth, making sure the benefits reach every section of society.
- Government must focus on comprehensive agricultural reforms, providing farmers with better access to technology, credit, and training programs to modernize practices and enhance rural productivity.
- Government should bolster manufacturing competitiveness by providing incentives for domestic production, improving the ease of doing business, and ensuring that the workforce is equipped with the necessary skills.
- NGOs should collaborate with Government in providing timely and effective recovery measures during economic disruptions, such as pandemics, to ensure that vulnerable populations are supported during such crises.
- Government should integrate India's growth strategies with targeted, inclusive economic policies that can foster both industrial growth and widespread prosperity, addressing the imbalances between urban and rural areas.

- People should be encouraged to actively engage in skill-building initiatives and participate in both local and national economic development programs, contributing to the overall growth and improvement of the nation.

Conclusions

The comparative analysis of labour market and poverty trends in India and China highlights significant disparities in both nations' economic development, labour force participation, and poverty reduction strategies. While China has effectively harnessed its demographic advantage, leveraging state-led industrialization, rural development, and inclusive growth policies, India has faced challenges in translating its economic growth into widespread job creation and poverty alleviation, particularly in rural areas. The key findings indicate that China's proactive policies in vocational training, urban employment schemes, and infrastructure investment have enabled more rapid and deep poverty reduction, alongside sustained improvements in employment and gender inclusivity. On the other hand, India's growth, although significant, has been uneven, with issues such as weak formal job creation, low female participation, and slow poverty reduction, particularly in rural and informal sectors. To improve India's performance, a multi-pronged approach is essential. Strengthening formal job creation, improving rural infrastructure, enhancing social safety nets, and investing in skill development are critical steps. Additionally, fostering inclusive growth by addressing gender inequality, improving access to education and healthcare, and reforming welfare systems can create a more equitable and resilient economy. Targeted government policies, coupled with active involvement from NGOs and the public, can help India close the gap with China in both labour market performance and poverty reduction. By implementing these measures, India can not only harness its demographic dividend but also ensure that the benefits of growth reach all sectors of society, promoting long-term economic stability, social inclusion, and sustainable development.